

Public Employees' Retirement System (PERS) Plan 3

Member's Benefit Estimate Worksheet

This worksheet should answer some of the questions you may have regarding how your PERS Plan 3 defined benefit pension payment is calculated. To assist you in completing the worksheet, we have included an example of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are based on projected salary and service credit. The information you obtain using the Estimate Worksheet is intended as a retirement planning tool. Your actual defined benefit pension payment may be different as it will be based on final employer reporting. The defined benefit is only one component of your retirement plan. Information about your Plan 3 defined contribution account can be obtained from your Quarterly Statement, or by contacting ICMA Retirement Corporation at 1-888-711-8773.

You are eligible to retire with an unreduced benefit if you are at least age 65 and have at least:

- 10 service credit years; or
- five service credit years, including 12 service credit months that were earned after attaining age 54; or
- five service credit years that were earned under Plan 2 and transferred to PERS Plan 3 before June 1, 2003.

You can retire as early as age 55 with a minimum of 10 service credit years. Your benefit will be actuarially reduced.

How service credit is counted:

You earn

1 month of service credit



When you

receive pay for at least 90 hours in a month
(includes paid sick leave and vacation).

.50 month of service credit



receive pay for at least 70 but less than 90 hours in a month

.25 month of service credit



receive pay for at least 1 but less than 70 hours in a month.

Higher education employees only:

If you work at least 9 months during a school year (September 1 - August 31)

12 months of service credit



when you earn service credit in the month of September and you are compensated for time in at least 9 months and receive compensation for at least 810 hours during the school year.

6 months of service credit



when you are compensated for time in at least 9 months and receive compensation for at least 630 hours but less than 810 hours during the school year.

Note: If you are actively employed during the school year in which you choose to retire and wish to earn a full year of service credit for that school year, you must retire effective September 1 and meet the eligibility rules outlined above. If your service doesn't qualify under the higher education rules, your service credit will be counted on a month to month basis.

Delaying receipt of your benefit if you have 20 years of service credit

If you accumulate 20 or more years of service credit, then leave PERS-covered employment, the value of your defined benefit will increase by approximately 3 percent annually (0.25 percent per month) from the date of separation until you begin drawing a benefit.

PERS Plan 3 Benefit Estimate

	You	John Doe
Step 1: Determine your total service credit years at the time you retire. 1a. My current balance of service credit years:		22
1b. The number of years until my retirement date:		9
1c. My projected service credit at retirement:		$22 + 9 = 31$
Step 2: Estimate your Average Final Compensation. The average monthly salary from my 60 consecutive highest paid service credit months is my Average Final Compensation or AFC.* <small>*Severance pay, such as lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (step 1b), your actual salary and AFC may differ from its current level. You may wish to estimate what your salary will be, then figure an AFC based on those figures.</small>		\$3334
Step 3: Compute your Standard Benefit. Also known as Option 1, the Standard Benefit provides the highest monthly benefit and stops when the retiree dies. The formula for the Standard Benefit: $1\% \times \text{service credit years} \times \text{AFC} = \text{monthly benefit}$ 3a. My projected service credit years (1c) x 1%=		$31 \times .01 = .31$
3b. My AFC (step 2) x 3a = standard benefit.		$\$3,334 \times .31 = \$1,033.54 \text{ per month}$
Step 4: Determine your benefit if you choose a Survivor Payment Option. There are three Survivor options available. Under each of the options, the retiree receives an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on Page 4 to find your reduction factor, then calculate your benefit. 4a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe is one year older than his beneficiary.)		$56 - 55 = 1 \text{ year}$
NOTE: If you choose a Survivor Payment Option, and your beneficiary dies before you, your monthly benefit will be increased to a single life benefit level (Standard Option).		

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	You	John Doe
4b. Use the reduction factor from Table 1 to determine the Option 2 benefit. (3b x reduction factor = reduced benefit) Option 2 provides a survivor benefit that is 100% of the retiree benefit.		Option 2 \$1,033.54 x .778 = \$804.09 per month Survivor gets \$804.09
4c. Use the reduction factor from Table 1 to determine the Option 3 benefit. (3b x reduction factor = reduced benefit) Option 3 provides a survivor benefit that is 50% of the retiree benefit		Option 3 \$1,033.54 x .875 = \$904.35 per month Survivor gets \$452.17
4d. Use the reduction factor from Table 1 to determine the Option 4 benefit. (3b x reduction factor = reduced benefit) Option 4 provides a survivor benefit that is 66.67% of the retiree benefit		Option 4 \$1,033.54 x .840 = \$868.17 per month Survivor gets \$578.81
Step 5: Calculating a reduction for early retirement. 5a. Calculate your benefit the same as you would for a standard option benefit. (See Step 3.) For purposes of this example, let's say John retires at 61 with 27 years of service credit.		27 x .01 = .27 .27 x \$3334 = \$900.18
5b. Multiply the monthly benefit by the corresponding reduction factor from Table 2 on page 4.		\$900.18 x .67 = \$603.12 per month
5c. If you select a survivor option, multiply the result of 5b by the corresponding reduction factor on Table 1. John selected Survivor Option 2.		\$603.12 x .778 = \$469.23 Opt. 2 benefit
<i>Terminating employment prior to age 65 and delaying receipt of your benefit</i> Note: Once you accumulate 20 years of service, if you leave PERS-covered employment, your PERS Plan 3 benefit will increase by approximately 3 percent annually until you begin collecting a pension benefit or until you reach age 65. (If you receive your benefit before age 65, it will be reduced for early retirement.)		
Step A: Determine your standard option benefit at the time you terminate service. Use steps 1-4 on page 2.		22 x .01 x \$3,334 = \$733.48
Step B: How many years after you leave service will you begin collecting a benefit. B1. Age when you begin collecting benefit. B2. Age at separation from service. B3. Subtract B2 from B1.		65 -56 9 years
Step C: Adjust your original benefit C1. Use Table 3 on page 4 to find the compounding factor based on the answer to Step B. (9 years)		1.3095
C2. Multiply your benefit by the corresponding Factor.		1.3095 x \$733.48 = \$960.49 per month

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Table 1: Survivor Benefit Options

	Age Difference	Option 2 100%	Option 3 50%	Option 4 66.67%
Member Younger	-15	0.917	0.957	0.943
	-14	0.912	0.954	0.940
	-13	0.907	0.951	0.936
	-12	0.902	0.948	0.932
	-11	0.896	0.945	0.928
	-10	0.890	0.942	0.924
	-9	0.884	0.938	0.919
	-8	0.878	0.935	0.915
	-7	0.871	0.931	0.910
	-6	0.865	0.927	0.905
	-5	0.858	0.924	0.901
Member Older	-4	0.848	0.918	0.893
	-3	0.840	0.913	0.887
	-2	0.826	0.905	0.877
	-1	0.805	0.892	0.861
	0	0.791	0.883	0.850
	1	0.778	0.875	0.840
	2	0.767	0.868	0.832
	3	0.758	0.863	0.825
	4	0.751	0.858	0.819
	5	0.743	0.853	0.813
	6	0.736	0.848	0.807
	7	0.728	0.843	0.801
	8	0.721	0.838	0.795
	9	0.713	0.833	0.789
	10	0.706	0.828	0.783
	11	0.699	0.823	0.777
	12	0.693	0.818	0.772
	13	0.686	0.814	0.766
	14	0.680	0.809	0.761
	15	0.673	0.805	0.756
	16	0.667	0.801	0.751
	17	0.662	0.796	0.746
	18	0.656	0.792	0.741
	19	0.651	0.788	0.736
	20	0.645	0.785	0.732

Table 2 Early Retirement

Your age at retirement	Benefit as a percentage of your age 65 benefit	
	20 - 29.99 years of service	30 or more years of service
55 years	37%	70%
56	40%	73%
57	43%	76%
58	49%	79%
59	55%	82%
60	61%	85%
61	67%	88%
62	73%	91%
63	82%	94%
64	91%	97%
65	100%	100%

Table 3 Delayed Retirement

Years delayed	Compounding factor
1	1.0304
2	1.0618
3	1.0941
4	1.1273
5	1.1616
6	1.1969
7	1.2334
8	1.2709
9	1.3095
10	1.3494
11	1.3904
12	1.4327
13	1.4763
14	1.5212
15	1.5674